

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 9/30/2009

GAIN Report Number: MX9068

Mexico

Post: Mexico

September Update for Grain and Feed

Report Categories:

Agricultural Situation

Grain and Feed

Agriculture in the Economy

Approved By:

Carlos Gonzalez

Prepared By:

Benjamin Juarez and Mark Ford

Report Highlights:

The MY 2009/10 dry bean production estimate has been revised downward as a result of dry weather conditions and lower yields. Meanwhile, the MY 2009/10 import estimate for dry beans has increased to 130,000 metric tons (MT). Rice production for MY 2008/09 and 2009/10 has been revised downward from our previous estimate due to lower than previously estimated planted area and official data issued by Mexico's Agriculture Ministry (SAGARPA). The rice import estimates for MY 2007/08 and 2008/09 have been revised downward based on final official data issued by the Secretariat of Economy (SE). There are no changes to our previous forecast for corn, sorghum and wheat.

General Information:

Production:

Dry Beans

The dry bean production estimate has been revised downward by approximately 23 percent for MY 2009/10 to 900,000 metric tons (MT) due to a drought in Durango and Zacatecas. Even though the impact of the drought was less than initially anticipated, sources estimate a reduction in production of between 30 to 40 percent. According to official sources, recent field tours throughout these states confirm that the drought affected the same areas that traditionally have drought problems, although more dramatically. In total, it is estimated that approximately 190,000 hectares have been damaged by the drought in the 2009 spring/summer crop cycle compared to 115,000 hectares that were damaged a year ago.

Official sources also point out that July was the worst month for rainfall in the past 30 years, but September may have the most rainfall in the past few years so the negative impact from July could be somewhat offset by September. July registered 101 mm of rainfall, which is down from its historical average of 139.5 mm. However, rainfall from mid-August continued through September and it has improved the outlook of the dry beans crop.

Based on the crop field tour in producing states, official sources estimate that the 2009 spring/summer crop could reach 650,000 MT versus 815,000 a year earlier. Sources state that this level of production could increase further if the rains are not too excessive. (Excess rains can damage the crop due to an increase in humidity, which increases fungus.) Likewise, during the first week of September, 87,000 ha of the dry bean harvest were irrigated and sources indicate that if the rains continue at their current rate, the dry bean harvest could suffer serious quality problems.

The spring/summer crop is expected to account for approximately 67 percent of total edible dry bean production. The production and harvested area figures for MY 2008/09 have been revised downward reflecting the latest Mexican government data published by SAGARPA.

Given the lack of rainfall during the spring/summer season and the expected irregular weather patterns for the fall/winter crop, yields for the MY 2009/10 dry bean crop in Mexico have been revised downward to 0.75 metric tons/per hectare.

Rice

The rice production forecast for MY 2009/10 (Oct-Sep) has decreased approximately 9 percent to 190,000 MT due to a smaller-than-expected planted area. According to official sources, state rice producers in the southeast (i.e., Veracruz, Tabasco and Campeche) - where the bulk of the fall harvest is produced - did not suffer from the July drought, which differs from the situation with dry

beans. For example, in Veracruz, the drought negatively affected some corn areas, but in general the impact on rice was negligible. While in Campeche, the late sowing season avoided the damage from the lack of rains. Campeche is the main producing state for rice, accounting for approximately 25 percent of the national production. Even though the weather did not impact production, a decrease in planted area did impact the previous forecast. For MY 2008/09, the production and harvested area estimates have been revised downward based on the latest official figures issued by SAGARPA.

Similar to dry beans, the estimates for domestic consumption in MY 2007/08 and 2008/09 have been revised downward from our previous estimates, reflecting data issued by SAGARPA. The rice consumption estimate for MY 2009/10 has been revised downward as well. Reportedly, lower-income consumers are not purchasing rice because of the loss in purchasing power.

Corn, Sorghum and Wheat

FAS/Mexico is maintaining the previous PS&D numbers that were reported for MY 2009/10 (see MX9053) as official sources have stated that weather conditions improved since mid-August.

Trade:

Dry Beans

The insufficient dry bean harvest in Mexico should stimulate dry bean imports, and imports are expected to increase in MY 2009/10. The consumption estimate has been revised downward for MY 2008/09 reflecting the most recent available information published by SAGARPA. According to official sources, the consumption estimate reflects the information from the Income-Expenditure Poll, which was conducted by the National Institute of Statistics, Geography and Computer Systems (INEGI). Similarly, the consumption estimate for MY 2009/10 was revised downward based on SAGARPA's forecast. Despite this downward revision, the consumption estimate reflects an increase of approximately 4 percent over the previous year.

Rice

The import estimates for MY 2007/08 and 2008/09 have been revised downward based on final data from the Secretariat of Economy (SE) in the first year and preliminary SE data in the second year.

Also, the import estimate for MY 2009/10 has been revised slightly downward reflecting lower than expected domestic consumption.

Stocks:

Dry Beans

For MY 2009/10, projected ending stocks have been revised downward from the previous estimate due to lower domestic production. Estimated ending stocks for MY 2008/09 are higher and reflect more recent government and industry data.

Rice

The ending stock estimate for MY 2007/08 has been adjusted upward due to lower than previously estimated consumption. Meanwhile, the ending stocks estimate for MY 2008/09 and 2009/10 decreased to 118,000 MT and 123,000 MT, respectively, because of lower than expected production in both years.

Production, Supply and Demand Data Statistics :

Rice, Milled Mexico (1000 HA) (1000 MT) (MT/HA)	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
	Official	Post	Data	Official	Post	Data	Official	Post	Data
Area Harvested	66	66	66	63	63	61	75	77	60
Beginning Stocks	146	146	146	138	138	193	88	128	118
Milled Production	178	178	178	185	185	175	243	210	190
Rough Production	267	267	267	277	277	262	364	315	285
Milling Rate (.9999)	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667
MY Imports	583	583	579	500	630	500	600	675	600
TY Imports	577	583	579	500	630	500	600	675	600
TY Imp. from U.S.	0	567	578	0	579	498	0	663	590
Total Supply	907	907	903	823	953	868	931	1,013	908
MY Exports	10	10	10	10	10	10	10	10	5
TY Exports	10	10	10	10	10	10	10	10	5
Total Consumption	759	759	700	725	815	740	775	860	780
Ending Stocks	138	138	193	88	128	118	146	143	123
Total Distribution	907	907	903	823	953	868	931	1,013	908
Yield (Rough)	4.	4.	4.0455	4.	4.	4.2951	5.	4.	4.75
TS=TD			0			0			0

Beans Mexico (1000 HA) (1000 MT) (MT/HA)	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		Old Post	Annual Data Displayed		Old Post	Annual Data Displayed		Jan
	Official	Post	Data	Official	Post	Data	Official	Post	Data
Area Harvested	0	1,500	1,500	0	1,520	1,505		1,550	1,200
Beginning Stocks	0	213	213	0	100	100		110	215
Production	0	1,015	1,015	0	1,160	1,145		1,170	900
MY Imports	0	89	89	0	93	93		80	130
TY Imports	0	89	89	0	93	93		80	130
TY Imp. from U.S.	0	85	85	0	88	87		76	120
Total Supply	0	1,317	1,317	0	1,353	1,338		1,360	1,245
MY Exports	0	17	17	0	23	23		10	20
TY Exports	0	17	17	0	23	23		10	20
Feed Consumption	0	0	0	0	0	0		0	0
FSI Consumption	0	1,200	1,200	0	1,220	1,100		1,250	1,145

